

Franciscan Health System

Revised February 2006

UNINSURED / UNDERINSURED PATIENT DISCOUNT POLICY (CHARITY CARE)

Purpose

As a member of Catholic Health Initiatives, Franciscan Health Systems is called upon to meet the needs of patients and others who seek care, regardless of their financial abilities to pay for services provided. Charity care traditionally has been defined as care provided to patients without expectation of partial or full payment for services as a result of a patient's financial inability to pay. Charity care may be provided to patients who are uninsured, underinsured or determined to be medically indigent. Recently, governmental direction has begun to focus on the need to consider medically indigent patients.

Identifying Patients Unable to Pay for Needed Services

Franciscan Health System shall provide charity care to patients for all medically necessary or otherwise necessary services including, but not limited to, the following full range of services. This includes patients that are treated at any FHS hospital, long-term care center and home care.

Hospitals and Outpatient Surgical Services

Any patient seeking urgent or emergent care at a Franciscan Health System hospital shall be treated without regards to their ability to pay. FHS hospitals operate in accordance with all federal and state requirements for the provision of health care services, including screening and transfer requirements under the Federal Emergency Medical Treatment and Active Labor Act (EMTALA).

) The following definitions of urgent and emergent care are as follows:

- The definition of urgent care is that provided to a patient with a medical condition that is not life/limb threatening or not likely to cause permanent harm, but requires prompt care and treatment as defined by the Centers for Medicare and Medicaid Services to occur within 12 hours.
- The definition of emergent care is that provided to a patient with an emergent medical condition, further defined as:
 - A medical condition manifesting itself by acute symptoms of sufficient severity (e.g., severe pain, psychiatric disturbances and/or symptoms of substance abuse, etc.) such that the absence of immediate medical attention could reasonably be expected to result in one of the following:

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- Placing the health of the patient (or, with respect to a pregnant woman, the health of the woman or her unborn) in serious jeopardy, or
 - Serious impairment to bodily functions or
 - Serious dysfunction of any bodily organ or part.
- With respect to a pregnant woman who is having contractions, that there is inadequate time to effect a safe transfer to another hospital before delivery, or that the transfer may pose a threat to the health or safety of the woman or her unborn child.

Patients who qualify for charity care shall be identified as soon as possible, either before services are provided or after an individual has received services to stabilize a medical condition. If it is difficult to determine a patient's eligibility for charity care prior to the provision of services, such determination shall be made as soon as possible but shall not exceed a period of 18 months after the provision of such services.

Charity care will be available to all patients that have a variety of services, which includes emergency room services, inpatient / outpatient surgery, diagnostic testing and educational programs.

Note: Procedures deemed to be cosmetic in nature will not be eligible for charity care discounts.

FHS shall maintain physician's orders for treatment as documentation indicating the service is medically necessary for all patients who apply for charity care discounts.

- a) Medical necessity is defined as any procedure reasonably determined to prevent, diagnose, correct, cure, alleviate, or prevent the worsening of conditions that endanger life, cause suffering or pain, resulting in illness or infirmity, threatening to cause or aggravate a handicap, or cause physical deformity or malfunction, if there is no other equally effective, more conservative or less costly course of treatment available.

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- b) FHS will ensure that all medical necessity determinations are administered in a consistent manner.

FHS will have clearly posted signage in the various inpatient and outpatient areas to advise patients of the availability of charity care. Signs will be posted in other languages in accordance with CHI policy depending on the local population percentage of the foreign language. The FHS staff will communicate the contents of signs to people who do not appear able to read.

FHS will provide charity care information to emergency room as well as non-emergent patients scheduled for admissions or other procedures.

) Emergency patients:

- Patients receiving emergency services shall be treated in accordance with the hospital's emergency services policy, with EMTALA and other requirements.
- FHS shall engage in reasonable registration processes for individuals requiring examination or treatment:
 - Reasonable registration processes shall include asking whether an individual is insured and, if so, the name of the insurance program utilized, if such inquiry does **not** delay screening or treatment.
 - Reasonable registration processes shall **not** unduly discourage patients from remaining for further evaluation. Therefore, discussions regarding financial issues shall be deferred until after the patient has been screened and necessary stabilizing treatment has been initiated.
 - Once EMTALA requirements are met, patients identified through the registration process as being without medical insurance shall receive either (1) a packet of information that addresses the charity care policy and procedures, including an application for such assistance, or (2) immediate financial counseling assistance from staff, including the presentation of the application for charity care.

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b) Non-emergency patients

- Upon registration, patients without medical insurance shall receive either (1) a packet of information that addresses the charity care policy and procedures, including an application for such assistance, or (2) immediate financial counseling assistance from staff, including the presentation of the application for charity care.

FHS will provide patients with a charity care packet that clearly indicate that the FHS provides care, without regards of the ability to pay, to individuals with limited financial resources, and shall explain how patients can apply for charity care.

Patients that are not proficient in reading, writing or speaking English, additional information shall be provided to assist them in completing the necessary forms.

For non-English speaking populations, FHS shall prepare informational notices in each of the languages that account for 10% or more of the total population.

To ensure that charity care eligibility is properly determined, documents provided by patients must be written in English.

Records maintained by FHS to substantiate eligibility for charity care shall be completed in English.

FHS will provide informational booklets for charity care with general information as well as the FHS website.

FHS may begin assessing financial ability as soon as the patient contacts the hospital to schedule a procedure or when they register as an emergency patient.

Long-Term Care Residential Services

FHS charity care policy shall apply to long-term care services. Once admitted, patients shall not be denied service or residency due to a financial inability to pay.

FHS long-term care residential services shall accept patients covered by Medicare and/or Medicaid. Prior to admission, potential patients shall complete application forms that

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include detailed financial information. Patients not covered by Medicare or Medicaid shall be responsible for making advance payments on a monthly basis for estimated services to be received. Patients shall be provided with a statement, shortly after the end of each month, to reconcile amounts billed to services rendered. Payments shall be paid within 10 days of receipt of a statement; credit balances shall be applied to subsequent months' amounts due.

If a resident's resources become depleted, FHS will provide assistance so the patient can apply for Medicaid coverage or other charity care.

Other Services

Physician practices or clinics that are contracted with FHS or its nonprofit subsidiaries shall adopt the FHS charity care policy. These organizations or providers shall comply with the same policy and procedures adopted by the CHI board of trustees for the tax-exempt healthcare providers..

Providing Assistance - Authorization and Methodology

The Regional Business Services Directors or an approved representative shall approve the authorization of write off adjustments. Approval limits for charity care discounts shall be established by FHS in accordance with the policy approved by the CHI board of trustees.

FHS shall develop criteria to determine whether a patient is eligible for a charity care and the amount eligible for write-off or discount. FHS shall establish an assessment methodology, applied consistently, to all patients. The methodology shall consider income, family size, available resources and the likelihood of future earnings (net of living expenses) sufficient to pay for the health care services provided.

FHS shall utilize the *CHI Standardized Patient Charity Care Discount Application Form*, when determining a patient's eligibility. *See exhibit 1.*

FHS shall utilize the *CHI Standardized Charity Care Determination Checklist*, to ensure that all the required documents are attached for processing. *See exhibit 2.*

FHS shall evaluate all financial resources before determining charity care eligibility. Financial resources will not only be considered for the patient, but also of other persons

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having legal responsibility to provide for the patient (e.g., the parent of a minor child or a patient's spouse). The patient/guarantor shall be required to provide information and verification of ineligibility for benefits available from insurance (i.e., individual and/or group coverage), Medicare, Medicaid, workers' compensation, third-party liability (e.g., automobile accidents or personal injuries) and other programs. Patients with health spending accounts (HSAs), formerly known as medical spending accounts (MSAs), are considered to have insurance; the amount that the patient has on deposit in the HSA is to be considered insurance and not eligible for any discount.

Eligibility for charity care discounts shall be determined based on 130% of the annually updated *HUD Geographic Very-Low Income Guidelines*. The standards of eligibility for the application of charity care must consider assets, as well as income. FHS shall utilize 130% of the *HUD Geographic Very-Low Income* guidelines as a minimum. FHS shall not lower the income levels below the CHI-defined standard of 130% of the *HUD Geographic Very-Low Income* guidelines. The determination of eligibility will meet within the criteria WAC 246-453-040. Once the determination for eligibility has been established it will remain in place for 90 days.

The need for future services requiring charity care shall be assessed.

Confirmation of continued eligibility shall be updated every 90 days for patients who require ongoing health care services.

An individual's occupation may be indicative of eligibility for charity care. Some examples may include:

- Day laborer
- Fast food service worker
- Entry-level employee (e.g., dietary worker, housekeeper, etc.)

FHS shall utilize 130% of the *HUD Geographic Very-Low Income* guidelines as a minimum. (However, a determination on a market-specific basis, that higher income levels for 100% charity write-off are more appropriate)

The following sliding fee schedule shall be used to determine the amount, which shall be written off for patients with incomes between 130% and 195% of the current HUD

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Geographic Very Low Income Guidelines standards when circumstances indicate severe financial hardship or personal loss. *See exhibit 3*

<u>Income Less Medical Bills as a Percentage of HUD Geographic Very Low Income Guidelines</u>	<u>Percentage of Discount</u>
130%	100%
116.7%	75%
133.4%	50%
150%	25%

Information provided in the charity care application may indicate that a patient is eligible for charity care or insurance coverage not only for health care services but also other benefits. FHS shall provide financial counseling staff to assist patients in applying for available coverage. If FHS contracts with organizations to assist patients in applying for federal, state or other assistance shall assure that such agreements are in writing and contain provisions requiring compliance with *CHI Standards of Conduct*, maintain patient confidentiality in accordance with the Health Insurance Portability and Accountability Act of 1996 (HIPAA) requirements and delineate compliance with all applicable laws and regulations.

All information obtained from patients and family members shall be treated as confidential. Assurances about confidentiality of patient information shall be provided to patients in both written and verbal communications. Assessment forms shall provide documentation of all income sources on a monthly and annual basis (taking into consideration seasonal employment and temporary increases and/or decreases in income) for the patient/guarantor, including the following evidence of:

- Income from wages
- Income from self-employment
- Alimony
- Child support
- Military family-allotments
- Public assistance

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- Pension
- Social Security
- Strike benefits
- Unemployment compensation
- Workers' compensation
- Veterans' benefits
- Other sources, such as income from dividends, interest or rental property

Copies of documents to substantiate income levels shall be obtained (e.g., pay check stubs, alimony and child-support documents).

For situations in which patients have other assets, liquid assets shall be defined as investments that could be converted into cash within one year; these assets shall be evaluated as cash available to meet living expenses. Assets that shall not be considered as available to meet living expenses include: a patient's primary place of residence; adequate transportation; adequate life insurance; and sufficient financial reserves to provide normal living expenses if the wage earners are unemployed or disabled. Listings of other assets shall be provided, including copies of the following documents:

Savings, certificates of deposit, money market or credit union accounts

Descriptions of owned property

The patient/guarantor shall provide demographic information for the patient/guarantor.

The patient/guarantor shall provide information about family members and/or dependents residing with the patient/guarantor, including the following information for all:

- Name, address, phone number (both work and home)
- Age
- Relationship

In evaluating the financial ability of a patient/guarantor to pay for health care services, questions may arise as to the patient/guarantor's legal responsibility for purported dependents. While legal responsibility for another person is a question of state law (and may be subject to Medicaid restrictions), the patient/guarantor's most recently filed federal income tax form shall be relied upon to determine whether an individual should be considered a dependent. The patient/guarantor shall provide employment information

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for the patient/guarantor, as well as any others for whom the guarantor is legally obligated in regard to the well being of the patient. Such information shall identify the length of service with the current employer, contact information to verify employment and the individual's job title.

Assessment forms shall provide for a recap of average monthly expenses including:

- Rental or mortgage payments
- Utilities
- Car payments
- Food
- Medical bills

Copies of rent receipts, utility receipts or monthly bank statements shall be requested. Determination of eligibility for charity care shall occur as closely as possible to the time of the provision of service to enable FHS to properly record the related revenues, net of charity care.

FHS shall use a sliding scale to provide up to a full discount of charges for patients with no third-party insurance and up to a full waiver of co-payments after third-party insurance proceeds, based on indigence. The following points shall be taken into consideration:

) The standards of eligibility for the application of charity discounts must consider assets, as well as income. Eligibility shall be based on 130% of the annually updated *HUD Very-Low Income Guidelines*. These HUD guidelines take into consideration family incomes that do not exceed 50% of the median family income for a geographic area and shall utilize a sliding scale approach based on income and family size. The guidelines are available at the HUD Office of Policy Development and Research.

When circumstances indicate the presence of severe financial hardship or personal loss, those patients with few resources and a high number of dependents shall receive higher levels of charity care. This shall be determined by the use of a sliding scale based on income and family size. The maximum income level eligibility as defined on the sliding scale represents 150% of the new base of the *HUD Very-Low Income Guidelines*.

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FHS shall notify the patient/guarantor when charity care eligibility has been determined for the related to services. Patients/guarantors shall be advised that such eligibility does not include services provided by non- employees or other independent contractors (e.g., private physicians, physician practices, anesthesiologists, radiologists, pathologists, etc., depending on the circumstances.) The patient/guarantor shall be informed that periodic verification of financial status shall be required in the event of future services. Patient financial records shall be flagged to indicate future services shall be written off in accordance with the charity care determination. Patients/guarantors shall be informed in writing if charity care is denied and a brief explanation shall be given for the determination provided. A copy of the letter shall be retained in the confidential central file, along with the patient/guarantor's application.

FHS shall delineate, in accordance with the charity care policy, the management-level positions authorized approve write off adjustments for charity care. The varying levels of approval authority shall be established for each management-level position. On a quarterly basis, the FHS shall report each account with a charity care write off threshold of \$100,000 or more to the finance committee of the FHS board. *See exhibit 4*

Determining eligibility for charity care discounts shall be a continuing process. A retroactive review of accounts referred to outside collection agencies shall be conducted either annually or semi-annually to determine if any accounts would have been more properly recorded as charity care discounts and, if so, FHS shall recall such accounts from the outside collection agency and reclassify them to charity, in accordance with generally accepted accounting principles.

If a fee or tuition amount is charged for an FHS-sponsored community health educational program, the FHS shall include a reference that charity care (sometimes referred to as a scholarship) is available. The name, address and phone number of the person responsible for determining eligibility shall be provided in promotional materials.

FHS shall retain a central file by each patient/guarantor containing charity care applications. To assure confidentiality, applications for charity care shall not be retained with the patient account registration or detailed billing information. A listing of all charity care discounts shall be maintained by the accounting department, documenting patient names, patient account numbers, dates of service, brief descriptions of services provided, total charges, amounts written-off to charity, dates of write-offs and the names

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of the authorizing individuals. Written denials of charity care discounts, including denial reasons, shall be retained in a confidential central file.

Medical Indigence

The decision about a patient's medical indigency is fundamentally determined without giving exclusive consideration to a patient's income level when a patient has significant and/or catastrophic medical bills.

Medically indigent patients do not have appropriate insurance coverage that applies to services related to neonatal care, organ transplants, cancer, burn care, long and/or intensive care, etc., within the context of medical necessity. Such patients may have a reasonable level of income but a low level of liquid assets and the payment of their medical bills would be seriously detrimental to their basic financial well being and survival.

FHS shall make a subjective decision about a patient/guarantor's medically indigent status by reviewing formal documentation for any circumstance in which a patient is considered eligible for a charity care discount on the basis of medical indigency.

The patient shall apply for a charity care in accordance with this policy.

FHS shall obtain documentation to support the medical indigency of the patient. The following are examples of documentation that shall be reviewed:

- Copies of all patient/guarantor medical bills.
- Information related to patient/guarantor drug costs.
- Multiple instances of high-dollar patient/guarantor co-pays, deductibles, etc.
- Other evidence of high-dollar amounts related to healthcare costs, such as the existence of an HSA that has been fully expended.

The FHS shall grant a charity care either through the use of the sliding scale approach or up to 100% if the patient has the following:

- No material applicable insurance.
- No material usable liquid assets.
- Significant and/or catastrophic medical bills.

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In most cases, the patient shall be expected to pay some amount of the medical bill; FHS shall not determine the amount for which the patient shall be responsible based solely on the income level of the patient.

Presumptive Charity Care Eligibility

There are occasions when a patient may appear eligible for a charity care, but there is no charity care form on file because documentation was lacking that would support the provision of financial aid. Such instances have resulted in a patient's bill being assigned to a collection agency and ultimately recognized in the accounting records as a bad debt expense, due to a lack of payment. This approach, however, results neither in a fair solution for the patient nor in an appropriate accounting of the transaction. Often there is adequate information provided by the patient or through other sources, which could provide the FHS with sufficient evidence to provide the patient with a charity care, without needing to determine eligibility for medical indigency. This presumptive eligibility, when properly documented internally by FHS staff, is sufficient to provide charity care to patients who qualify. Once determined, due to the inherent nature of the presumptive circumstances, the only discount that can be granted to the patient is a 100% write-off of the account balance.

Some patients are presumed to be eligible for charity care discounts on the basis of individual life circumstances (e.g., homelessness, patients who have no income, patients who have qualified for other charity care programs, etc.). FHS shall grant only 100% charity care discounts to patients determined to have presumptive charity care eligibility. FHS shall internally document any and all recommendations to provide presumptive charity care discounts from patients and other sources such as physicians, community or religious groups, internal or external social services or financial counseling personnel.

To determine whether a qualifying event under presumptive eligibility applies, the patient/guarantor shall provide a copy of the applicable documentation that is dated within 30 days from the date of service.

For instances in which a patient is not able to complete an application for charity care, FHS may grant a 100% charity care without a formal request, based on presumptive circumstances, approved by the FHS Director of Regional Business Services in accordance with FHS policy.

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FHS will utilize the *CHI Standardized Patient Charity Care Discount Application Form – Presumptive Eligibility*, adapting it by adding any additional requirements necessary to accommodate local programs and circumstances. *See exhibit 5*

The determination of presumptive eligibility for a 100% charity care shall be based on the of patient/guarantor income, not solely based on the income of the affected patient.

Individuals shall not be required to complete additional forms or provide additional information if they already have qualified for programs that, by their nature, are operated to benefit individuals without sufficient resources to pay for treatment. Rather, services provided to such individuals shall be considered charity care and shall be considered as qualifying such patients on the basis of presumptive eligibility. The following are examples of patient situations that reasonably assist in the determination of presumptive eligibility:

- Patient has received care from and/or has participated in Women's, Infants and Children's (WIC) programs.
- Patient is homeless and/or has received care from a homeless clinic.
- Patient is eligible for and is receiving food stamps.
- Patient's family is eligible for and is participating in subsidized school lunch programs.
- Patient qualifies for other state or local assistance programs that are unfunded or the patient's eligibility has been dismissed due to a technicality (i.e., Medicaid spend-down).
- Family or friends of a patient have provided information establishing the patient's inability to pay.
- The patient's street address is in an affordable or subsidized housing development. In this case:
 - FHS shall contact the individual state agency that oversees HUD Section 8 subsidized housing programs for low-income individuals.
 - FHS shall maintain a listing of eligible addresses in their market
- Patient/guarantor's wages are insufficient for garnishment, as defined by state law.
- Patient is deceased, with no known estate.

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Charity Care Review Committee

FHS shall establish a Charity Care Review Committee to assist in the evaluation of subjective information related to patient accounts that do not clearly qualify under basic charity care eligibility criteria.

The types of patient accounts to be reviewed by the Committee shall include, but not be limited to, the following:

- Patients with extenuating circumstances (e.g., patients who may be medically indigent, patients who may have presumptive eligibility for a charity care discount, etc.).
- Patients who have significant non-liquid assets
- Patients whose eligibility exceed 180% of the HUD Very Low Income Guidelines and thus are not eligible for charity care on the sliding scale, but whose medical bills are so large that they are unable to pay.

A senior management representative shall chair the Committee. At a minimum membership shall include a social worker and staff from mission/ministry, general accounting and patient financial services. Other members may be appointed to the Committee as deemed appropriate by FHS.

The Committee shall meet, as needed, nature of patient population and frequency and types of charity care provided. Meetings will be required on at least a monthly basis and at times more often.

The agenda for each meeting shall be comprised of patient cases requiring additional review and input by the Committee prior to the determination of charity care eligibility. For each patient case, the agenda will include a summary of the case, the financial situation of the patient and other pertinent information as necessary.

Documentation of the Committee's meetings shall be recorded. Actions related to specific patients shall be included in the central file as discussed.

Recording Charity Care

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FHS shall properly distinguish write-offs of patient accounts between charity care and bad debt expenses. Such amounts shall be recorded in accordance with generally accepted accounting principles and properly disclosed in financial statements and other reports.

Generally Accepted Accounting Principles

Distinguishing bad-debt expense from charity care requires judgment. Charity care results from an entity's policies to provide health care services free of charge to individuals who meet certain financial criteria. The establishment of a policy clearly defining charity care should clearly result in a reasonable determination. Although it is not necessary for the entity to make this determination upon admission of the individual, at some point the entity must determine that the individual meets its reestablished criteria for charity care. Charity care represents health care services that were provided but were never expected to result in cash flows. As a result, charity care does not qualify for recognition as receivables or revenue in the financial statements.

FHS shall write off patient accounts in one of the following two categories:

Charity care discounts – consisting of:

Patients with no third-party payment source and for whom there is no expectation of payment

... Or ...

Medicare (and Medicaid if applicable in the particular state) patients who are determined to be financially unable to pay applicable co-payment obligations, in which case the unpaid co-payment qualifies as charity care and can be claimed on any filing for reimbursement as a Medicare (Medicaid) bad debt.

Bad debts – consisting of patients who have the ability to pay for health care services (including those with private insurance), where the patient or insurer does not pay the applicable obligation.

Financial Statement Disclosures

Section 2.4 of the American Institute of Certified Public Accountants (AICPA) *Audit and Accounting Guide for Audits of Providers of Health Care Services* includes the following guidance:

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The level of charity care provided should be disclosed in FHS financial statements. Such disclosure is made in the notes to the financial statements and measured based on the provider's rates, costs, units of service, or other statistics.

FHS shall include information about charity care write off adjustments in the consolidated year-end CHI community benefit disclosure. The annual disclosure in *Note A to the CHI Audited Consolidated Financial Statements* states the following:

As an integral part of its mission, FHS accepts and treats all patients without regard of the ability to pay. A patient is classified as a charity patient in accordance with these Standards established across all entities. Charity care represents services rendered for which no payment is expected. Charity care is not included as revenues in the statements of operations and changes in net assets. The amounts of charity care provided, determined on the basis of charges, were \$XXX million and \$XXX million in 200X and 200X, respectively.

IRS Reporting

FHS shall include the information noted from the previous section of this document in the IRS Form 990 federal reporting and required state reporting. FHS shall publicize this information in notices to the local community.

Charity Care Discounts

A line item for charity care does not appear in the statements of operations because the amount is netted against gross revenues. The amounts written-off should be tracked for comparison with both the amounts budgeted for charity care discounts and prior-period charity care discounts. The cost of providing charity care to all patients is recorded in the appropriate natural expense classifications in the statements of operations when expenses are incurred through payroll records or accounts payable. Where scholarships are provided for community health education programs, the waived tuition or fee amounts should be tracked and reported as part of the community benefit reporting process.

Reserves for Charity Discounts

There is a lag between the times when services are provided and the determination is made about the eligibility for a charity care discount or charity care. As a result, effective July 1, 2005, FHS will establish a reserve methodology for recording charity care write-

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off adjustments. The following are the journal entries required in accounting for reserves for charity care discounts. MBOs shall utilize these accounting standards in general ledgers at all entities.

To record monthly adjustments to charity care:

<u>Journal Entry</u>	<u>Dr</u>	<u>Cr</u>	<u>Description of Account</u>
Charity care discounts	XX		Contra gross revenues account (statement of operations)
Reserve for charity care discounts		XX	Contra gross accounts receivable (balance sheet)

Monthly recurring journal entries should be established for estimated charity care write-off adjustments.

The amount recorded will be the difference (debit or credit) between the reserves for charity care write-off adjustments and the calculation of the required reserve performed by the MBO on a monthly basis.

To record charity care write-off adjustments:

<u>Journal Entry</u>	<u>Dr</u>	<u>Cr</u>	<u>Description of Account</u>
Reserve for charity care discounts	XX		Contra gross accounts receivable account (balance sheet)
Accounts receivable		XX	Balance sheet account

This transaction should be recorded on the business day that the accounts were written off to charity care discounts. This may occur on any day of the month and may occur multiple times in each month.

To change the status of accounts receivable from bad debts to charity care write-off adjustments:

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<u>Journal Entry</u>	<u>Dr</u>	<u>Cr</u>	<u>Description of Account</u>
Reserve for charity care discounts	XX		Contra gross accounts receivable (balance sheet)
Reserve for bad debts		XX	Contra gross accounts receivable account (balance sheet)

This transaction occurs when an account that was written off as a bad debt expense is subsequently determined to be a charity care write-off.

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P.O. BOX 2197 TACOMA WA 98401

CONFIDENTIAL

FINANCIAL ASSISTANCE APPLICATION

Patient Name		Social Security Number		Date of Birth		Account Number	
Guarantor's Name		Relationship to Patient		Date of Birth		Social Security Number	
Guarantor's Address		County of Residence		Home Phone No.		Length of Residence	
City		State		Zip Code			
Previous Address (if less than 2 years at above)		City, State, Zip		Marital Status		Number of Dependents in Household	
List Names and Ages of Dependents in Household: (under the age of 18)							
1.		3.		5.		7.	
2.		4.		6.		8.	
Employer (Guarantor/Patient)		Previous Employer (Guarantor/Patient)			Spouse Employer		
Address							
Job Title/Length of Employment							
Business Telephone Number							
Hourly Rate							
Monthly Income Gross							
Monthly Income Net							
Other Income Source/Amount		Total Family Monthly Income			Total Family Income last 12 months		
Have you applied for Medicaid or any other State/County Assistance? (Check one) Yes <input type="checkbox"/> No <input type="checkbox"/>							
Medicaid Application Date		Caseworker Name/Telephone Number					
Have you filed Bankruptcy?		Chapter 7		Chapter 13		Date Filed	
Yes <input type="checkbox"/> No <input type="checkbox"/>						Date of Discharge	
Are you a Homeowner?		Approximate Value		Approximate Balance		Years Remaining	
Yes <input type="checkbox"/> No <input type="checkbox"/>							
Bank Name		Checking Account No.		Avg. Checking Balance		Savings Account No.	
						Avg. Savings Balance	
AUTOMOBILE (S)							
1. Make:		Model:		Year:		Payment Amount:	
						Balance Due:	
2. Make:		Model:		Year:		Payment Amount:	
						Balance Due:	
Other Assets (Stocks Bonds, Property, Boat, Business, etc.)							
Description		Monthly Payment		Payment To		Account Number	
Rent/Mortgage		\$				Balance Due	
Charge Cards		\$				\$	
		\$				\$	
		\$				\$	
Bank Loans		\$				\$	
		\$				\$	
School Loans		\$				\$	
		\$				\$	
List Other Expenses Below:							
		Monthly Payment				Monthly Payment	
FOOD		\$		MEDICATION		\$	
UTILITIES		\$		LIFE INSURANCE		\$	
GAS (CAR)		\$		MEDICAL BILLS		\$	
TOTAL MONTHLY EXPENSE		\$					

CERTIFICATION

1. I, the undersigned, certify that the completed information in this document is true and accurate to the best of my knowledge.
2. I will apply for any and all assistance that may be available to help pay this bill.
3. I understand the information submitted is subject to verification; therefore, I grant permission and authorize any bank, insurance co., real estate co., financial institution and credit grantors of any kind to disclose to any authorized agent of _____ information as to my past and present accounts, policies, experiences and all pertinent information related thereto. I authorize _____ to perform a credit check for both guarantor/patient and spouse.

Signature (Guarantor/Patient)	Date
Signature (Spouse)	Date

DIRECTIONS FOR COMPLETING FINANCIAL ASSISTANCE APPLICATION

- 1: Complete the patient name, patient's social security number, patient's date of birth, and the hospital account number(s) if known.
- 2: Complete the guarantor name, relationship to patient, guarantor's date of birth, and guarantor's social security number. If the guarantor is the same as the patient, note "Same" in this field.
- 3: Complete the guarantor's address, home telephone number and length of residence at this address.
- 4: Complete the guarantor's previous address (if current residence is less than two years), guarantor's marital status, and number of dependents living in household. If there are no dependents, please mark "-0-" in the dependent field.
- 5: List the names and ages of dependents.
- 6: Complete the employer information for the guarantor or patient, depending upon who has responsibility for the balance. Please complete the name of the employer, the employer's address, the guarantor/patient's job title and length of employment. Please also include the guarantor/patient's business telephone number, hourly (or salary) rate, and the monthly income (both gross and net). If there is no employment, please note how expenses are being met.
- 7: Complete the previous employer information for the guarantor/patient. This includes the employer's name and address, the guarantor/patient's job title and length of employment, business telephone number, hourly rate, and monthly income (both gross and net). If there is no prior employment, mark "N/A".
- 8: Complete the income information for the guarantor/patient's spouse. Include the name of the employer, the employer's address, job title/length of employment, business telephone number, hourly rate, and monthly income (both gross and net). If the spouse is unemployed, or there is no spouse, mark "N/A".
- 9: Complete the other income source/amount. This is for child support, social security, bonus amounts from employers, etc. This also includes rental income, alimony, pension income, welfare and VA benefits. Complete the total family income (add the guarantor/patient net income), and then complete the total family income from the last 12 months. If there has been no income, please note how expenses are being met.
- 10: Complete the questions regarding Medicaid and other State/County assistance. Please advise if you have applied for assistance (and on what date). Please provide the assigned Caseworker's name and telephone number. You may attach a separate sheet if needed. Please mark N/A if this field does not apply to you.
- 11: Please indicate if you have ever filed bankruptcy. If you have not filed bankruptcy, please mark "No". Please verify that all questions have been completed. Attach additional paper if needed for any explanations.
- 12: Please complete the homeowner information. If you are a homeowner, please note the approximate dollar value, the approximate balance on the loan, and the number of years left on the loan. If you are not a homeowner, please mark "No".
- 13: Please complete the banking information as requested and list the bank name. Complete the checking account number and provide the average checking account balance. Please do the same for the savings account field. If there is no savings account, please place "N/A" in the savings field.
- 14: For automobile information, please list the make, model and year of your vehicle. Please list the monthly payment amount and the current balance.
- 15: Please complete the section listing other assets you may have. This includes stocks, bonds, property, boats and businesses you may own. Use additional paper if needed to give complete details. If there are no additional assets, please mark "N/A".

HOW TO COMPLETE THE MONTHLY EXPENSE SECTION (copies of monthly bills/statements may be requested):

RENT/MORTGAGE: Please verify the amount you are paying in rent or by mortgage. Indicate to whom the payment is made, the account number and the current balance due. If you do not pay rent or mortgage, please note why you have no payment or if you live with relatives or others. Use additional paper if needed.

CHARGE CARDS: Please indicate any charge card payments you are currently making. Please indicate the monthly payment amount, to which the payment is made, the account number and the current balance due. Please indicate the credit limit for each card. Use additional paper if you needed to complete this field. If you have no charge cards please note "N/A".

BANK LOANS: Please indicate any bank loans you may be paying. Indicate the monthly payment amount, to which the payment is made, the account number and the current balance due. Use additional paper if needed to completely explain this field. If you have no bank loans, please mark "N/A".

SCHOOL LOANS: Please list any educational loans you may be paying. This can include, but not be limited to, college loans, private school loans (or tuition), day-care expenses or any other loans that apply to education. Please use additional paper if needed. Please specify if you are paying school loans, etc. If this does not apply to you, please mark "N/A".

LIST OTHER MONTHLY EXPENSES:

FOOD: Please list the amount paid for food on a monthly basis.

UTILITIES: Please list the amount paid on a monthly basis for electricity, gas, water, trash and any other utility you may pay. Please add these and place the total (for all of them) in the utilities section. If there are no monthly utilities paid, please mark "N/A" in this section and explain. Use a separate sheet of paper if needed.

GAS (CAR): Please list the amount paid on a monthly basis for transportation needs related to your vehicle. If there is no payment made on a monthly basis for gas, please mark the field "N/A".

MEDICATION: Please add the amounts you pay on a monthly basis for medication needs. If there are several prescriptions or medications you take, please add them together and place the total amount in this section. If there are no monthly medication payments, please place "NA" in this section.

LIFE INSURANCE: If you have a life insurance policy, please indicate the monthly amount you pay. If there is no payment, please place "N/A" in this section.

MEDICAL BILLS: Please add any medical bills you may be paying on a monthly basis. This may include, but not be limited to, physician bills, insurance co-pays, insurance deductibles, other hospital bills, radiology bills, ambulance bills, etc. Please use a separate sheet of paper to list these amounts. Add them together and place the total amount paid on a monthly basis for these accounts in this section. If there are no monthly medical payments being made, please place "N/A" in this section.

AUTO INSURANCE: Please place the total amount you pay on a monthly basis for auto insurance. If you pay on a quarterly basis, please divide the quarterly payment by three and place the amount in this section. If you pay every six months, please divide the total amount you pay by six and place the amount in this section. If there is no monthly payment being made, please mark N/A in this section.

OTHER: This includes any monthly payments you currently are making that are not listed in the previous sections. Please provide details of what you are paying, to whom, and the balances due. Please use a separate sheet of paper if needed. If this section does not apply to you, mark "N/A".

TOTAL MONTHLY PAYMENTS: Please total all the above payments and place this amount in this section.

PLEASE READ THE FINE PRINT!!!!!!

DOCUMENTATION: Please notice that your signature indicates you have agreed to attach all income verification. In addition to the items requested by this application, you may attach bank statements, copies of social security checks (or letters). If there is no income, please verify how expenses are being met. It is important to explain a lack of income completely so that full consideration of your application can be made. If the guarantor/patient or the spouse is self-employed, please attach the last 2-3 months of bank statements. All documentation must be attached for full consideration. If the application is incomplete, it will be returned. We will not be responsible for follow-up on incomplete applications.

WHAT YOU ARE AGREEING TO:

1. Stating that the guarantor/patient has completed this form accurately.
2. Stating that the guarantor/patient will apply for any assistance to pay this bill. If the guarantor/patient has sufficient debt capacity, the guarantor/patient may be expected to acquire a bank loan or pay for their services with a credit card.
3. Authorizing _____ to obtain credit information and perform a credit check.

Important: Income verification must be attached – W2, Pay Stub, Tax Return, etc. Attach additional sheets if necessary.

PLEASE MAIL COMPLETED APPLICATION TO:
FRANCISCAN HEALTH SYSTEM
ATTN: REGIONAL BUSINESS OFFICE
PO BOX 2197
TACOMA, WA 98401-2197

INITIAL IF YES	INFORMATION REQUIRED FOR COMPLETE APPLICATION
	1. The demographic information is completed for patient <u>and</u> guarantor (i.e., address, telephone number, etc.).
	2. The dependent information is completed (i.e., number in household, names, ages, etc.).
	3. The employment and income information is completed for patient/guarantor and spouse.
	4. A copy of most recent year's IRS Tax Return is attached.
	5. A copy of most current pay stub is attached.
	6. A copy of medical savings account balance (if any) is attached.
	7. If no income is documented, attach an explanation for how expenses are being met.
	8. If the patient/guarantor has filed bankruptcy, all questions are answered.
	9. If the patient/guarantor is a homeowner, all questions are answered.
	10. Information is completed for banking information (i.e., checking and savings accounts
	11. Information is completed for automobile.
	12. Information is completed for other assets.
	13. The expense/monthly payment information is completed.
	14. Does all information look reasonable?
	15. Are there any luxury items listed that might prevent patient/guarantor from paying the bill (e.g., country club dues, maid or lawn service, boat, high cable bills, etc.)?
	16. Has the patient/guarantor and spouse signed and dated the form?
	17. Has the witness signed and dated the form?
	18. Compare the <i>Total Family Monthly Income</i> to the <i>Total Monthly Expenses</i> . Can the patient/guarantor afford to make monthly payments? If so, contact the patient/guarantor to establish payment arrangements. STOP.
	19. If the patient/guarantor <u>cannot</u> afford monthly payments, use the Poverty Guidelines Matrix to determine if the patient/guarantor qualifies for Charity Care.
	20. If the patient qualifies for Charity Care and the total discount is less than \$2000, log on Charity Log, process discount and send acceptance for Charity Care letter to patient.
	21. If the patient qualifies for Charity Care and the total discount is over \$2000, log on Charity Log and forward all information to Patient Account Manager to review and approve.
	22—If the patient does not qualify for Charity Care, send denial for Charity Care letter to patient/guarantor.
	23. If the application is incomplete, return application and all supporting documentation to patient with a letter indicating what is required and that it needs to be returned.
	24. The Patient Account Manager (see policy for approval levels) needs to approve and post discounts for discounts above \$5000.
	25—The Patient Account Manager will return the Charity Log and all supporting documentation to the Financial Representative to send acceptance for a Charity Care letter to the patient.
	26—The Financial Representative will send an acceptance for the Charity Care letter to the patient and return all information to the Patient Account Manager.
	27—The Patient Account Manager selects this chart for Quality Review.
Signature – Financial Representative	Date
Signature – Patient Account Manager	Date

Franciscan Health System

Gross Income (Annually) Other Counties - 2006

Size of Family	HUD Base	130% of HUD Base	116.7% of Base	133.4% of Base	150% of Base
1	\$ 17,450	\$ 22,685	\$ 26,473	\$ 30,262	\$ 34,028
2	\$ 19,950	\$ 25,935	\$ 30,266	\$ 34,597	\$ 38,903
3	\$ 22,450	\$ 29,185	\$ 34,059	\$ 38,933	\$ 43,778
4	\$ 24,950	\$ 32,435	\$ 37,852	\$ 43,268	\$ 48,653
5	\$ 26,950	\$ 35,035	\$ 40,886	\$ 46,737	\$ 52,553
6	\$ 28,950	\$ 37,635	\$ 43,920	\$ 50,205	\$ 56,453
7	\$ 30,950	\$ 40,235	\$ 46,954	\$ 53,673	\$ 60,353
8	\$ 32,950	\$ 42,835	\$ 49,988	\$ 57,142	\$ 64,253

Gross Income (Annually) Pierce County - 2006

Size of Family	HUD Base	130% of HUD Base	116.7% of Base	133.4% of Base	150% of Base
1	\$ 21,750	\$ 28,275	\$ 32,997	\$ 37,719	\$ 42,413
2	\$ 24,850	\$ 32,305	\$ 37,700	\$ 43,095	\$ 48,458
3	\$ 27,950	\$ 36,335	\$ 42,403	\$ 48,471	\$ 54,503
4	\$ 31,050	\$ 40,365	\$ 47,106	\$ 53,847	\$ 60,548
5	\$ 33,550	\$ 43,615	\$ 50,899	\$ 58,182	\$ 65,423
6	\$ 36,000	\$ 46,800	\$ 54,616	\$ 62,431	\$ 70,200
7	\$ 38,500	\$ 50,050	\$ 58,408	\$ 66,767	\$ 75,075
8	\$ 41,000	\$ 53,300	\$ 62,201	\$ 71,102	\$ 79,950

Gross Income (Annually) King County - 2006

Size of Family	HUD Base	130% of Base	116.7% of Base	133.4% of Base	150% of Base
1	\$ 27,250	\$ 35,425	\$ 41,341	\$ 47,257	\$ 53,138
2	\$ 31,150	\$ 40,495	\$ 47,258	\$ 54,020	\$ 60,743
3	\$ 35,050	\$ 45,565	\$ 53,174	\$ 60,784	\$ 68,348
4	\$ 38,950	\$ 50,635	\$ 59,091	\$ 67,547	\$ 75,953
5	\$ 42,050	\$ 54,665	\$ 63,794	\$ 72,923	\$ 81,998
6	\$ 45,200	\$ 58,760	\$ 68,573	\$ 78,386	\$ 88,140
7	\$ 48,300	\$ 62,790	\$ 73,276	\$ 83,762	\$ 94,185
8	\$ 51,400	\$ 66,820	\$ 77,979	\$ 89,138	\$ 100,230

Franciscan Health System

Gross Income (Annually) Thurston County - 2006

Size of Family	HUD Base	130% of Base	116.7% of Base	133.4% of Base	150% of Base
1	\$ 23,150	\$ 30,095	\$ 35,121	\$ 40,147	\$ 45,143
2	\$ 26,450	\$ 34,385	\$ 40,127	\$ 45,870	\$ 51,578
3	\$ 29,750	\$ 38,675	\$ 45,134	\$ 51,592	\$ 58,013
4	\$ 33,050	\$ 42,965	\$ 50,140	\$ 57,315	\$ 64,448
5	\$ 35,700	\$ 46,410	\$ 54,160	\$ 61,911	\$ 69,615
6	\$ 38,350	\$ 49,855	\$ 58,181	\$ 66,507	\$ 74,783
7	\$ 41,000	\$ 53,300	\$ 62,201	\$ 71,102	\$ 79,950
8	\$ 43,650	\$ 56,745	\$ 66,221	\$ 75,698	\$ 85,118

Gross Income (Annually) Kitsap County - 2006

Size of Family	HUD Base	130% of Base	116.7% of Base	133.4% of Base	150% of Base
1	\$ 22,250	\$ 28,925	\$ 33,755	\$ 38,586	\$ 43,388
2	\$ 25,400	\$ 33,020	\$ 38,534	\$ 44,049	\$ 49,530
3	\$ 28,600	\$ 37,180	\$ 43,389	\$ 49,598	\$ 55,770
4	\$ 31,750	\$ 41,275	\$ 48,168	\$ 55,061	\$ 61,913
5	\$ 34,300	\$ 44,590	\$ 52,037	\$ 59,483	\$ 66,885
6	\$ 36,850	\$ 47,905	\$ 55,905	\$ 63,905	\$ 71,858
7	\$ 39,350	\$ 51,155	\$ 59,698	\$ 68,241	\$ 76,733
8	\$ 41,900	\$ 54,470	\$ 63,566	\$ 72,663	\$ 81,705

Franciscan Health System

Franciscan Health System shall reserve the right to adjust or write off all or a portion of a patient bill. All administrative charity care and account settlements, shall adhere to the following approval levels:

CHARITY CARE APPROVAL LEVELS

- \$0 - \$500 Customer Service Representatives and / or Financial Account Representatives
- \$501 - \$1,500 SPS / Bad Debt or Charity/ PPA Representatives
- \$1,501 - \$5,000 Supervisor, Customer Service/Account Maintenance
- \$5,001 - \$10,000 ***Manager of Business Office or Director of Patient Access***
- \$10,000+ ***Business Office Director, Chief Financial Officer, or***
Hospital Vice Presidents
- No Limits DSHS Non-Billable Spendown Charity Write-Offs

Franciscan Health System

Exhibit 5

CONFIDENTIAL

Application Form – Charity Presumptive Eligibility

My name is (please print):

LAST

FIRST

MI

I am: _____ The Patient _____ The Patient's Guarantor

_____ Neither (Please state your relationship to the Patient: _____)

Instructions:

1. Please indicate that the Patient is eligible for charity care discount because the Patient is in one or more of the following categories.
2. More than one copy of this form may be required if it is to be completed by more than one individual (e.g., Patient, Guarantor, etc.).

Please initial if category is applicable	#	Is relevant document attached?		Category
		Yes	No	
	1			Patient has received care from and/or has participated in Women's, Infants and Children's (WIC) programs.
	2			Patient is homeless and/or has received care from a homeless clinic.
	3			Patient is eligible for and is receiving food stamps.
	4			Patient's family is eligible for and is participating in subsidized school lunch programs.
	5			Patient qualifies for other state or local assistance programs that are unfunded or the patient's eligibility has been dismissed due to a technicality (i.e., Medicaid spend-down).
	6			Family or friends of a patient have provided information establishing the patient's inability to pay.
	7			The patient's street address is in an affordable or subsidized housing development.
	8			Patient/guarantor's wages are insufficient for garnishment, as defined by state law.
	9			Patient is deceased, with no known estate.
	10			Other – <u>Provide explanation:</u>

Signature _____

Date _____

Authorized by: _____

Date _____

Title: _____